

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Attleboro Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: September 14, 2016

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 of each fiscal year. The schedule is effective in FY17 (since the amount under the prior schedule was maintained in FY17) and is acceptable under Chapter 32.

We note that the Board adopted a 7.875% investment return assumption which is a reduction from the prior assumption of 8.0%. For comparison, 73 systems have adopted an assumption of 7.75% or less. Of these, 26 have adopted an assumption of 7.50% or less. We expect a number of systems to further reduce this assumption in 2016 and 2017 valuations.

We also note the System adopted a fully generational mortality assumption. We began recommending generational mortality in our 2015 valuations. To date, 65 systems have adopted such an assumption. We expect 80 or more will have adopted a generational assumption after all 2016 valuations have been completed.

Finally, we note that the current funding schedule completes the amortization of the unfunded actuarial liability (UAL) in FY37. Although this is allowable, our emphasis in the last few years has been for systems to work toward establishing funding schedules that complete the amortization of the UAL by FY35 at the latest. This allows systems some flexibility in the event of a market downturn. Completing the amortization of unfunded liability was difficult for many systems while recognizing the 2008 investment loss. Since that loss was completely recognized a few years ago, we believe establishing a schedule that completes the amortization of the UAL by FY35 should be a top priority. Only 19 systems have amortization schedules that extend beyond FY35. We would be happy to discuss alternative ways a FY35 schedule could be accomplished.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

Enc.



ATTLEBORO CONTRIBUTORY RETIREMENT SYSTEM

FUNDING SCHEDULE

Fiscal Year	Normal Cost	Unfunded Liability*	Funding Amortization of UAAL	Net 3(8)(c) Payments	Schedule Contribution*
2018	1,655,779	71,998,264	5,098,870	126,825	6,881,474
2019	1,730,289	72,167,722	5,303,758	126,825	7,160,872
2020	1,808,152	72,129,500	5,516,882	126,825	7,451,859
2021	1,889,519	71,858,362	5,738,572	126,825	7,754,916
2022	1,974,547	71,326,724	5,969,172	126,825	8,070,544
2023	2,063,402	70,504,459	6,209,042	126,825	8,399,269
2024	2,156,255	69,358,681	6,458,553	126,825	8,741,633
2025	2,253,286	67,853,513	6,718,094	126,825	9,098,205
2026	2,354,684	65,949,833	6,988,067	126,825	9,469,576
2027	2,460,645	63,605,006	7,268,892	126,825	9,856,362
2028	2,571,374	60,772,583	7,561,005	126,825	10,259,204
2029	2,687,086	57,401,990	7,864,861	126,825	10,678,772
2030	2,808,005	53,438,178	7,565,598	126,825	10,500,428
2031	2,934,365	49,485,045	7,868,222	126,825	10,929,412
2032	3,066,412	44,894,149	8,182,951	126,825	11,376,187
2033	3,204,400	39,602,205	8,510,269	126,825	11,841,494
2034	3,348,598	33,540,426	8,850,679	126,825	12,326,102
2035	3,499,285	26,634,064	9,204,707	126,825	12,830,816
2036	3,656,753	18,801,920	9,572,895	126,825	13,356,472
2037	3,821,307	9,955,811	9,955,811	126,825	13,903,942
2038	3,993,265	-	-	126,825	4,120,090

Amortization of Unfunded Liability as of July 1, 2017

Year	Type	Original Amort. Amount	Percentage Increasing	Original # of Years	Current Amort. Amount	Years Remaining
2003	ERI	201,194	4.25%	27	373,420	12
2018	Fresh Start	4,725,450	4.00%	20	4,725,450	20

Notes on Amortization of Unfunded Liability

Year is the year the amortization base was established. Type is the reason for the creation of the base. Original Amortization Amount is the annual amortization amount when the base was established. Percentage Increasing is the percentage that the Original Amortization Amount increases per year. Original # of Years is the number of years over which the base is being amortized. Current Amortization Amount is the amortization payment amount for this year. Years Remaining is the number of years left to amortize the base.

* Does not include recognition of the following asset gains/(losses) in Fiscal 2020 and 2022:

2020	(4,102,054)
2022	(2,794,570)